



## **EUTF CHANGES EFFECTIVE JANUARY 1, 2012**

### **LIFE INSURANCE**

- Carrier change from The Standard Insurance Co. to Royal State National Insurance Co.
- Employers provide \$4.12 per employee/retiree per month to purchase Life insurance.
- With Royal State \$4.12 will purchase new amounts of life insurance: \$38,361 for active employees, an increase of \$2,136; and \$2,033 for retirees, a decrease of \$239.
- There are 66,300 active employees covered, and 36,237 retirees covered.

### **VISION INSURANCE**

- Vision Service Plan will continue to be the carrier for vision insurance.
- Vision insurance rates will remain the same for active employees and will increase 4% for retirees.
- There are 53,300 active employees covered, and 40,600 retirees covered.

### **DENTAL INSURANCE**

- Hawaii Dental Service will continue to be the carrier for dental insurance.
- Rates will be reduced by 10% for active employees and 9% for retirees.
- There are 56,200 active employees covered, and 40,100 retirees covered.

### **PHARMACY BENEFIT MANAGER (PBM)**

- The Pharmacy Benefit Manager will change from Informed Rx to CVS Caremark.
- CVS Caremark is the owner of Longs Pharmacy and as a PBM has an extensive network of pharmacies in addition to Longs. EUTF members will be able to go to Longs pharmacies to pick up mail order prescriptions, and both mail order and CVS customer service will be provided from O'ahu rather than from the mainland.
- The plan cost for active employees and early retirees is projected to be 14.8% lower than the projected cost for the current pharmacy contract, for a total plan savings of approximately \$10 million over projected costs for the next year.
- The plan cost for Medicare-eligible retirees is projected to be 15.5% lower than the projected cost for the current pharmacy contract, for a total plan savings of approximately \$13.7 million over projected costs for the next year.

### **MEDICAL INSURANCE**

- Change from self-insured preferred provider plans (PPO) with HMSA and HMA to fully insured PPO plans with HMSA only.
- Rates for active employees will increase approximately 10% over current rates but will be in effect for an 18-month period rather than the current 12 months. The next rate change for active employees will be July 1, 2013.

-MORE-

- Rates for retirees will decrease approximately 5% from current rates for a 12-month period. The next rate change for retirees will be January 1, 2013.
- The fully insured arrangement with HMSA has the following benefits:
  - Under the self-insured plan, EUTF pays all claims costs incurred by EUTF members, whereas in a fully insured arrangement with HMSA the insurer pays all claims and costs to EUTF are capped at the insured rate.
  - If costs are lower than anticipated, any premium surplus will be refunded to EUTF. If claims are higher than projected, HMSA covers the cost and cannot carry a loss forward.
  - Rate increases are already set, and therefore able to be budgeted, for three contract periods: three one-year periods for retirees; and one 18-month period and two one-year periods for active employees.
- Scheduled rate increases for the second and third contract periods are lower than what would be expected at standard inflationary trend
- The EUTF also offers active and retiree plans with Kaiser. However, the procurement process for those plans has not been finalized at this time.

For additional information:

CVS Caremark, Christine Cramer, [CKCramer@cvs.com](mailto:CKCramer@cvs.com), 401-770-3317

HMSA, Christian Fern at [Christian\\_Fern@HMSA.com](mailto:Christian_Fern@HMSA.com), 948-6111

Royal State Life, Blaise Liu, [bliu@royalstate.com](mailto:bliu@royalstate.com), 539-1681

HDS, Lynette Arakawa, [larakawa@hdsonline.com](mailto:larakawa@hdsonline.com), 529-9228

VSP, Monica Engle, [monien@vsp.com](mailto:monien@vsp.com), 524-4877